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New Tax Breaks Spurring Preservation

Write-Offs Being Used to Recycle Older Buildings

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FIVE months after they took effect, Federal tax incentives encouraging the rehabilitation of both historic and nonhistoric older buildings are generating a groundswell of interest among large and small developers, preservationists and government officials.

The incentives, contained in the Economic Tax Recovery Act of 1981, reverse a 30-year Federal tax bias that discouraged the rehabilitation of older buildings. They include a 25 percent investment tax credit for the rehabilitation of residential, commercial, and industrial buildings that are certified as historic, and 15 and 20 percent tax credits for nonhistoric commercial and industrial buildings that are at least 30 and 40 years old, respectively. The tax credits make the Government a generous subsidizer of both large- and small-scale rehabilitations.

Two projects in New York City that have already qualified for the tax credits are the Barbizon Hotel and the Federal Archives Building in Manhattan, which are being rehabilitated as mixed-use properties.

Among those that are potentially eligible for benefits are Pier A, a city-owned historic landmark building on the lower Manhattan waterfront that may become a restaurant, and a town house at 19 Pierrepont Street in the Brooklyn Heights Historic District that is being renovated by a psychiatrist to provide office space for himself and three floors of rental apartments.

The Barbizon and Federal Archives projects will receive tax credits of nearly $4 million and $30 million, respectively, according to David M. Teitelbaum, the developer. If it is certified for the tax benefit, Pier A will be eligible for a credit of about $300,000, said Tanya Morrison, a project manager for the city Department of Ports and Terminals. And Dr. Albert Crum, owner of the Pierrepont Street town house, said that if his building gained Federal approval, the $200,000 rehabilitation project will receive a $50,000 tax credit.

Interest in the new tax credit is also evident elsewhere in the metropolitan area. Projects for which the benefit has been sought include the White Plains armory, for which renovation into a 56-unit housing com-

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